

Commerce Connections

Tacoma – Aug. 20

Audience QA and Policy Discussions Notes

General Session Comment/Question Breaks:

More direct flights to Asia needed.

Q: Exporting to Asia – protecting patents...concern for small business. Sell one “widget” and it gets reverse engineered ...how do you export in a market like that?

A: Can you offer some kind of insurance for intellectual property (IP)? One idea that’s there. Help fund to pursue a legal case. Largely pushing ideas to U.S. Dept. of Commerce. We are working on a memorandum of agreement to work more closely on export assistance. May involve co-location – help increase cooperative work.

Q: (Advocate for small biz) ...don’t overlook exports & international trade with countries in Central & So America...countries in NAFTA. Steve Ballmer said Microsoft is through with China until IP is secure. Focusing on Brazil and India. Google similarly. Lot of problems with China...don’t think small biz should be concentrating on China when we have other countries/regions where there are opportunities and we don’t have to worry about issues related to state-run economy. Especially with Chinese policy of promoting indigenous products and companies.

A: Make sure we don’t pass up growth that’s easier to tap in other countries, including other countries in Asia, but also south America and India. Our initiatives will address way more than China. Should be the first place we look but not ignore NAFTA countries.

Q: (Washington State-India trade relations organization)...not doing enough o help small businesses tap opportunities, including India. Information technology (IT) is best opportunity. (India has) Infrastructure...roads, airports, etc. Easy to do business...more focus. Choose the right places...English speaking, for example, is one of the advantages that we don’t think about enough.

A: Agree. Middle class growing rapidly. Washington State Dept. of Agriculture for example, sees huge opportunity.

Q: What are we doing to take the clean energy initiative and put it into transportation in this state. Affects how people get to their jobs...what are we doing?

A: ARRA money for train corridor is one. (WSDOT Director) Paula Hammond is thinking a lot about the next construction cycle...both how we fund it and how we think about the transportation system. Movement key but also greenhouse gas emissions is a concern...most ghg emissions are in the transportation system. Transportation fuels not studied so much; electrical for example. Focus on electric vehicles – aware of that – I-5 corridor, etc. We’re one of 5 cities in the US doing this.

Comments:

Re-emphasis of transportation...promoting jobs, but how do people get to those jobs. Not looking enough at the mass transportation market.

(Small rural low income community - Sultan) – Tax incentives to hire in rural and distressed counties. Sultan is in Snohomish (not a designated community) but Sultan is rural and low income...we’re not eligible for help. Appeal to legislators.

(Engineering small biz) – state transportation work related to pre-planning is not coming our (small business) way. State procurement process must be streamlined.

(South Sound Womens' business organization & Pierce co) – what are you doing to make sure the jobs we're creating are sustainable jobs?

Q: Once the ARRA money goes away...will the projects be able to keep rolling after stimulus ends? Will we have the resources to continue to offer the products and services we're investing in?

A: Are we providing the kind of support and assistance to ensure the jobs don't go away? We could probably do a better job of building awareness of the programs and services available to small business. Access to capital is big issue. Obama is beating the drum on it. We can also do a better job of orchestrating and promoting services that are available

In terms of ARRA...the stimulus funds a re a small part of the money going to these projects...we're looking for projects with other funding leverage...think in terms of ARRA being the dollar that pushes a project over the top to getting done. Evaluate based on investing in projects ready to proceed/viable.

Q: (EDC) – regarding job growth in competing states...are you looking at what the investment in the eco devo system that's supporting that growth?

A: What are we doing relative to other states to invest in eco devo. Competitiveness study is one report that will help the Gov and legislature frame priorities. Provide high level trends and also bottom up information from around the state...deals we won and lost and why. 3rd area is around innovation...Egils Milbergs and the EDC have metrics around innovation. Your point is slightly diff and I'll go away and think about it. What are the successful systems other states have deployed...models we could look at. (Centro Latino) – Business cycle completes when what you produce is consumed...don't need to be sophisticated economist to see that much of what we consume is made out of the US. As long as this continues...how will we grow?

A: Is there a part of our plan to address "buy local"? Are we studying it? Fair point – I'll have to give it some thought. We can certainly communicate about it...is that a path where one in four of our jobs is related to exports, does that put up walls that work against our opportunities in exports? Example – local foods movement is getting good traction...some trends are there, but must be careful about being too protectionist. There's a balance. We can think about communicating/promoting buy local

Q: Don't you think incentives to small businesses to help them produce here should be part of that strategy?

A: Let's talk afterwards. Good point. Not anywhere in the plan.

(Sultan mayor) – also biz consultant in rural areas. There's a lack of help for small businesses to learn where to go to launch new WA state products. Has a new organization & web site.

TOURISM DISCUSSION

Tourism is 5% of state economy

Our neighbors are talking to our customers...talking louder and more frequently and they're taking our business. Looking at different models for funding tourism:

- Public / private partnership models
- Dedicated tax model
- Industry assessment model
- Commodity commission model

COMMERCE – See clearly that, especially in rural parts of the state, tourism is a key opportunity to grow their economy. Valuable to their eco devo strategy. In tough times, companies shorten payback period. Tourism is one of the eco devo investments that has very rapid payback. You're not only driving economic activity, you're promoting your state to prospective employers and workers. Finally, the economic value is not the result of us hiring a consultant and "go get us some data" – it's a rigorous, nationwide study. The impact data we showed is good, reasonable data. The correlation of investment in tourism to market share is clear. Your share moves when you invest.

Q: Does the (revenue) data include out- of-state and in-state?

A: Revenue breakdown is 37% generated by Washingtonians visiting WA, 53% out of state visitor spending and 10% international visitor spending.

Q: Talk about the grant program...we didn't know about it.

A: 2008 – 2010...it's on hold now, but I can tell you about it. Aimed at tourism marketing, for Direct Marketing Organizations, , locals, tribes..required 1:1 match. Tourism awarded 20 grants. Generated \$3 million in match.

Q: How do we learn about it?

A: We did a lot of outreach, but Experiencewa.com...industry site...has information. Also we can put you on our mailing list.

Any thoughts on the importance of the activity and the potential model

Q: Have you looked at the Las Vegas model?

A: No – Nevada the state yes, Vegas, no.

Their model is hospitality & gaming based, but worth a look. We also have an opportunity to promote our state as a place to come when it's hot in the rest of the country. WA is a great place to cool off & it's cool.

Q: You mentioned 1% lodging tax...\$18-20 million in WA? We all like taxes we don't pay...

A: Yes.

Commodity model...apple commission analogy. Growers get together to promote apples. In tourism, problem is food & beverage sector is big part of the jobs, but you're not going to see food & beverage folks getting together to promote that. Hotels and lodging make the most sense.

OR = 1% lodging tax goes straight to tourism.

Some people (hotel industry) probably feel differently about favorability of imposing tax. What do people think?

COMMERCE – industry has really rallied together. Since 2006 – lots of change...very cooperative now. When you look at local areas with taxes in place, state tax is not so desirable...Seattle is already at 15+ percent. OR gathers NAICS codes and computes a percentage of each business type/activity going toward tourism.

Q: Tourism Tax increment Financing?

A: Sort of, but can't borrow against it.

Q: How much is ecotourism/natural resources – impact on tourism?

A: key themes/pillars that draw – wine & cuisine a big one, natural beauty and environment is another. Major for international visitors.

Commerce role in the US Open? (Event) We'll be on the gold channel for a whole week soon for the amateur and then building to the US Open – any discussion about how to take advantage? A work group around the event? It's like 4 Super Bowls occurring at once (?)

COMMERCE: – Washington will certainly shine during the events. Government does have a relationship, but we can't buy any TV. Web site, emails, other marketing efforts are highlighting, working with Chambers Bay. Developed gold-focused materials timed for this opportunity. You won't be seeing ads on ESPN.

Q: Social networking? Lots of potential.

A: We are...we have Facebook and Twitter active for tourism

(City of Renton) – impressed with our hotel revenue reports...our occupancy is going up but rates are so low to stay competitive, it's hurting sales tax receipts, even though the hotels are successful (occupancy). At the local level, we really need to hold onto our 1% local share. We really leverage and use that. It would be detrimental to give that up.

Q: What's the role of the state in marketing the state? State or community should do that?

A: – If people think tourism promotion is being held back by not moving all the way over to a public-private entity?

Q: How many states outsource their support for tourism? Florida is an example...Enterprise Florida. FLA and CA are the main models (501c6) and somewhat Alaska.

Part of Nevada's problem is Indian gaming spreads around the state. In WA one of the outcomes has been tribes building their own cultural resources...maybe seek cooperation to market this cultural tourism especially internationally, with gaming money helping support?

(EDC Federal Way) – We use our lodging tax very aggressively. Aquatic center is an example. We've had to use our local funds to land and promote events like the national competition (?) – had to use just for that, but that was still a good thing. How much do you get out and talk to other stakeholder groups...such as tribal, industry...tell this story. How often do you see Yellowstone plastered on our buses...do other states see Mt. Rainier on their buses and billboards. Tell the story to pitch private-public partnership model. All the groups need the story.

COMMERCE – that's a big part of what our WA Tourism Director has been spending her summer doing. Not all groups are equally interested, but we are out there.

INFRASTRUCTURE Discussion

About 1/3 of funds were moved/redirected – didn't see that coming. This time we do. (Presentation reviewed funds that are available.) This is also an opp to take a look at how the funding gets to local governments. Want to have that conversation with you...better ways.

Oct. 18 IACC...looking at holding a leadership forum on infrastructure. How can we do it better, faster, easier.

Q: What is infrastructure?

A: No federal or state definition. We include water, sewer, solid waste, roads..typical. Expand to energy and broadband and further to low income housing. Summit will not include housing and may also exclude transportation.

Q: (American planning association) – when you're talking about jobs and those people who are having jobs...what kind of quality of life, housing would you give those people?

A: Intent is to try and build the infrastructure that we need to promote eco devo while preserving the environment we value. Community economic revitalization board (CERB) = focus on eco devo.

Commerce Community Services and Housing division = housing and community development; Public Works Board = community infrastructure. Need to look at ways to cooperate and combine the mission of all these entities.

Growth management Act = if you don't plan well, you're not going to use your infra investment as efficiently or as well as you should. Planning is important. Technical assistance is essential. Planning is the last thing we should cut when you're putting billions of dollars in to project.

Comments:

Want to see the state keep planning a priority.

There's been no \$ for Public Works Trust Fund (PWTF). Expansion of Sultan's wastewater treatment plant requires another \$18 million. Had to mothball it and costs continue to escalate. Eco devo hinges on the treatment plant.

Q: What's the future of the PWTF?

A: I don't know, but board is going ahead with preparing a list of projects even with no guarantee of funding. It's going to be hard to keep funds in the stream, but we're working hard to find alternatives to finance these essential projects. Bond opportunities for example. Accelerating federal funds. Not only need to find the funds but ensure predictability for future.

Q: (enviro organization representative) – are you looking at functional outcomes, more sustainable planning... are you looking at the HUD/DOT/fed sustainable communities model is one way to look at it. Water – connect infrastructure planning with protecting Puget Sound, for example....combine efforts to leverage and find \$.

A: We are, across agencies, looking at all kinds of cooperative alternatives. Also looking out for the needs of small communities...make sure the state rises as one. Look at regulations as well – rainwater example. See how we can also cut costs and add efficiency.

Q: On financing, excited to hear about symposium – suggest /hope you empower local govs on ways to raise \$ locally. Help us not go up the chain and deal with statewide competition. Local empowerment. Fits Commerce policy direction. 2) talk about TIF – lots of opposition/opinion, but let's look at these mechanisms. Mechanisms that exist...apply in new ways.

A: Yes – we're trying to find ways to raise one voice and cooperate.

GMA compliance – provision mandates eco devo is an element...was knocked out and didn't have to happen until state funded the project. Should adjust that to be an encouraged element.

(City of Lakewood) – encourage creativity during this gap time of budget. Projects are at 20-30% below costs because of the financial climate...great opportunity to accomplish these projects while costs are reduced. Provide gap financing.

COMMERCE – We have been promoting ideas that could bring \$ into the picture right now. Need to get State Treasurer and other agencies comfortable with bringing future \$ streams into the picture to enable funding options now. Bonding opportunities, for example.

COMMUNITY CAPACITY DISCUSSION

(Sultan) – block watch program is for community involvement in getting to know your neighbor, not just for public safety. Also adopt a street. When you talk about strengthening, safety, this program has been very successful

(WSU) – mobilizing local assets. WSU has been involved in local communities – invested 5.5 million in communities to increase community capacity to mobilize local assets. Have you looked at communities who have had success with these programs and taken them to the next step of eco devo?

Q: You made the name change from CTED to Commerce...is it (the agency) too broad? Is the mission too broad...exports, public works, social services.

A: Our mission is to grow and improve jobs. If you don't have a healthy community you aren't to grow good jobs. Always a question about how many agencies you're going to have. One of the considerations is that every separate agency has its own overhead, etc. How do you logically manage it?

Q: Are you comfortable with the breadth...the big tent approach?

A: Yes, we're very focused. The department is focused on the right mission. Some programs more directly than others. The question is are you set up to manage your programs right, have the right managers, etc.

Comments:

(Cascadia) – pleased to see you talking about healthy communities. Too often we see silos. The conversation emerging about core communities is important. Happy to hear you're sitting at tables where you don't have programs. The conversations are important. We will be at the table with you. I worry it's a lot, but I also worry that government segregates itself too much.

COMMERCE – Silver lining in crisis – forces you to connect to the things beside you...can't do it all alone...infrastructure planning, aligning energy & environmental goals, can't afford to work in our own worlds. Must get most mileage out of the funding we have.

Q: Healthy communities – great to have the discussion. What's the role commerce plays? Most effective work is done at the local level. So, how can Commerce help communities build capacity...what's the value you can add?

A: Community Services and Housing Division has a position within WorkFirst - is designated for planning related to TANF.

A lot of the division is about funding local work. We have a lot of intersections with work of other agencies – we're about investing in local community-based organizations to deliver services..not that the state doesn't have a role.

Building Communities fund and Housing Trust Fund – really do that – enable local communities to do things they couldn't do locally and leverages resources. Support them as much as we can. As locals struggle with resources, important for non-profits and local govs to work together.

Q: Are your divisions working together and working to make that happen?

A: Beauty of the agency is about working together, common approaches, leveraging staff...how can one program help another. Community Development Block Grants – community services is a component...could be siloed, but instead helps build the community center and get the kids into those centers. Growth management works across planning...energy is another...crosses with local government programs. You're going to be part of the whole whether you want to or not.

Combination of Community Services and Housing - you're going to see even better connections, streamlining and combination of efforts

Q: All of us are consumers. We need to build the power of the consumer. Educate consumers. Organize coops and buying clubs. Engine for developing consumer power. Hope is that every WA family has a business plan...every family has a role as consumers. Educate families about (WA Women's Employment) – thank Commerce. Looking at community development and infrastructure...when the families and children are involved in creating something in their community...new park, clean-up...build that experience in building communities.